

WASHINGTON STATE DEPARTMENT OF REVENUE

SPECIAL NOTICE

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Tax Exemption for Naturopathic Medicines

Effective July 1, 1996, medicines of mineral, animal, and botanical origin which are prescribed, administered, dispensed, or used by a licensed naturopath in the treatment of a patient are exempt from retail sales tax and use tax. Chapter 162, Laws of 1996 (SB 5526).

The term “medicines of mineral, animal, and botanical origin” is defined by RCW 18.36A.20(10) to mean medicines derived from animal organs, tissues, and oils, minerals, and plants which are administered orally and topically. It includes vitamins, whole gland thyroid, and substances used in traditional botanical and herbal medicine even when such items are legend drugs. Also included are vitamin B-12 injections when laboratory or clinical evaluation has indicated a vitamin B-12 deficiency.

The term does not include other legend drugs nor does it include any controlled substance. Currently, naturopathic medicines are either:

- a) purchased by naturopaths who pay retail sales tax or use tax on the purchase and dispense them as part of their professional service;
- b) purchased for resale by naturopaths who bill their patients separately for the medicine and collect retail sales tax or;
- c) prescribed by naturopaths to patients, who pay retail sales tax at the store where they purchase the product.

Effective July 1, 1996, licensed naturopaths will not be subject to retail sales tax or use tax on the purchase of qualified medicines they administer, dispense, or use in the treatment of a patient. They will also not be required to collect retail sales tax on separately billed sales of these products.

In addition, patients who present a written prescription to a vendor will not be subject to retail sales tax on the purchase of a qualified product. All vendors are required to maintain the written prescription to document the sales tax exempt nature of the sale.

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